

**CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS
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**CALIFORNIA CODE OF REGULATIONS
TITLE 12, MILITARY AND VETERANS AFFAIRS
CHAPTER 4, VETERANS HOME OF CALIFORNIA
SUBCHAPTER 1. ADMINISTRATION
AMENDMENT TO SECTION 506**

INITIAL STATEMENT OF REASONS

INTRODUCTION

The California Department of Veterans Affairs (“CDVA”) operates several Veterans Homes for aged and disabled California veterans. Military and Veterans Code Section 1012.3 establishes a monthly fee for residency in these Homes based on a percentage of the resident’s income, but fails to define “income” in this context. In order to provide greater clarity, the proposed amendment offers a definition of “income” which enumerates those specific sources factored in its calculation. By specifying precisely which pecuniary sources are considered “income” for purposes of calculating fees for residency, both residents and prospective residents will be better able to anticipate their fees.

SPECIFIC PURPOSE OF THE AMENDMENT

The purpose of the proposed amendment is to implement, clarify and make specific the meaning of the term “income” as it appears in Military and Veterans Code section 1012.3. This will be accomplished by codifying a uniform standard definition which will provide predictability for the veterans whose income is to be used as a basis for calculating fees. Defining income with specificity is reasonably necessary to achieve this purpose since the enumerated sources of income will guide the veterans in determining their income and calculating their fees.

OTHER REQUIRED SHOWINGS – GOVERNMENT CODE SECTION 11346.2(b)(2)-(4)

Studies, Reports, or Documents Relied Upon – Government Code section 11346.2(b)(2):

The CDVA examined and in large part adopted the pecuniary sources found in Medi-Cal’s definitions of “gross unearned income” and “gross earned income” as set forth in sections 50507 and 50503 of Title 22 of the California Administrative Code. The influence of Medi-Cal’s income definitions on the proposed regulation is especially appropriate given the similar purposes of Medi-Cal and the Veterans Homes. Like Medi-Cal, which pays to provide medical services for children and adults with limited income and resources, residency and health care at the Veterans Homes are also taxpayer-supported public health benefits. Accordingly, eligibility for such benefits must be determined by specific income criteria. Having withstood legal scrutiny as part of a time-tested statutory scheme, Medi-Cal’s definitions of income provide a

reliable guide.

Among the income sources listed in the Medi-Cal definitions, the CDVA selected those most likely to pertain to the Veterans Homes' resident population consisting of aged and disabled veterans. They include sources such as: wages; salaries; bonuses; commissions; annuities; pensions; retirement payments; disability payments; compensations payments; workers compensation payments; railroad retirement; excess proceeds received as a beneficiary from a life insurance policy after the amount expended on the insured person's last illness and burial expenses; spousal support by court order; net income from real property including rents; dividends; interest payments from any source; and royalties.

In some instances, where the Medi-Cal definition of an income source is more specific (e.g. "Pensions" and "Pensions based on need" defined separately), the CDVA adopted the more general category where the distinction is not required for the general resident population of the Veterans Homes (e.g. "Pensions" and "Pensions based on need" as separately defined by Medi-Cal combined into "pensions" under proposed regulation) or a more detailed definition is redundant (e.g. "Old age, survivors and disability insurance payments from the Social Security Administration (OASDI)" as defined in Medi-Cal simplified to "Social Security Administration payments" under proposed regulation). In other cases, the CDVA elaborated upon or expanded a more general definition provided by Medi-Cal (e.g. "gifts" and "prizes and awards" under Medi-Cal expanded to include "cash gifts in excess of \$1,000 annually" and "gambling and lottery winnings" under proposed regulation).

The CDVA did not adopt income sources included in the Medi-Cal definition which do not pertain to the general resident population of the Veterans Homes. Examples include: unemployment insurance benefits; incentive payments of training allowances under Job Training Partnership Act ("JTPA"); and payments under the Economic Opportunity Act.

Reasonable Alternatives Considered - Government Code section 11346.2(b)(3)(A):

No such alternatives were presented to or considered by the CDVA.

Reasonable Alternatives That Would Lessen the Impact on Small Businesses - Government Code section 11346.2(b)(3)(B):

No such alternatives were presented to or considered by the CDVA.

Evidence Relied upon to Support the Initial Determination That the Regulation Will Not Have a Significant Adverse Economic Impact On Business -- Government Code section 11346.2(b)(4):

The amendment to the regulation will not have an adverse economic impact on business since it concerns only the standard for calculating a resident's income for purposes of assessing fees for the Veterans Homes.